Report To:	**CABINET**
Date:	5 September 2023
Executive Member / Reporting Officer:	Cllr Jacqueline North –First Deputy (Finance, Resources & Transformation) Ashley Hughes – Director of Resources
Subject:	Period 4 2023/24 Forecast Outturn – Revenue and Capital.
Report Summary:	This is the Period 4 monitoring report for the current financial year, showing the forecast outturn position. The report reviews the financial position for the General Fund revenue budget, the Dedicated Schools Grant (DSG) and the Capital budget. The underlying revenue position is £11.674m at Period 4, this is a favourable movement of £0.590m from Period 3 (where it was £12.264m). Compensatory management actions have been put in place to deliver a forecast balanced position. The favourable movement is primarily driven by forecast reductions in external residential placements in Children's Social Care. There is a forecast deficit on the DSG of £2.540m, driven by High Needs Block costs forecast above the grant resources. The Capital programme is forecasting an underspend in-year, with subsequent reprofiling of budgets to future years, of £12.909m. This is due to programme rephasing at major projects including Godley Green and Hawthorn's Special School.
Recommendations:	That Executive Cabinet APPROVES:

1) The proposed contingency budget virements as part of routine financial management.
   i. Street lighting energy costs, £0.782m. As a result of national energy cost rises.
   ii. Business rates on Council assets, £0.099m. Following the national 2023 Business rates revaluation the rateable values of Council's buildings increased from the 1 April 2023.
2) The acceptance of additional workforce market sustainability and improvement fund grant funding of £1.755m from the Department of Health and Social Care that was announced on 28 July 2023. The funding is to be allocated to the Adult Services 2023/24 revenue budget in accordance with the grant conditions. The supporting proposals on use of the grant award will be included in a subsequent report for approval.

3) The acceptance of additional Disabled Facilities Grant capital funding of £0.249m from the Department for Levelling Up Housing and Communities that was announced on 7 September 2023. The capital funding is to be allocated to the Adult Services 2023/24 capital programme and will be reflected at Strategic Planning and Capital Monitoring

Panel.

4) The acceptance of the Youth Justice Grant 2023/24 of £0.586m to contribute to the functions of the Youth Justice Service, including both prevention services to reduce offending and activity to support young people going through the Youth Justice system. The grant allocation is higher than was budgeted in the 2023/24 budget by £0.123m, reducing the forecasted use of General Fund resources, which will be reflected in the forecasts within the Period 5 budget monitoring as a favourable variance movement in Children's Services. The Funding letter is set out at **appendix 1** together with the grant agreement (**appendix 2**)

That Executive Cabinet NOTES:

5) The forecast General Fund revenue budget position of an underlying pressure of £11.674m, which is a favourable movement of £0.590m from Period 3 reporting.
6) The management actions being taken of £11.710m, which have been monitored for delivery, are currently on track, and will be reported back to Cabinet on a regular basis.
7) That there is a projected overall underspend of £0.036m, following the application of management actions, as outlined in Table 2.
8) The forecast deficit on the DSG of £2.540m, primarily arising from the High Need Block.
9) The Capital programme position of projected spend of £46.321m, following Cabinet approval to reprofile project spend of £12.909m to 2024/25.

Policy Implications:

Full Council set the approved budgets in February 2023. Budget virements from Contingency to service areas is not effecting a change to the budgets set by Full Council.

Financial Implications:

(Authorised by the Section 151 Officer & Chief Finance Officer)

As contained within the report.

Legal Implications:
(Authorised by the Borough Solicitor)

The Local Government Act 1972 (Sec 151) states that "every local authority shall make arrangements for the proper administration of their financial affairs…"

Revenue monitoring is an essential part of these arrangements to provide Members with the opportunity to understand and probe the Council's financial position.

Members will note that the underlying outturn position is a net deficit of £11.674m on Council budgets. As the council has a legal duty to deliver a balanced budget by the end of each financial year Members need to be content that there is a robust Medium Term plan in place to ensure that the council's longer term financial position will be balanced. Ultimately, failure to deliver a balanced budget can result in intervention by the Secretary of State.

The council has a statutory responsibility to ensure that it operates with sufficient reserves in place. The legislation does not stipulate what that level should be, rather that it is the responsibility of the

	council's 151 officer to review the level of reserves and confirm that the level is sufficient. Reserves by their very nature are finite and so should only be drawn down after very careful consideration as the reserves are unlikely to be increased in the short to medium term.
Risk Management:	Associated details are specified within the report. Failure to properly manage and monitor the Council's budgets will lead to service failure and a loss of public confidence. Expenditure in excess of budgeted resources is likely to result in a call on Council reserves, which will reduce the resources available for future investment. The use and reliance on one off measures to balance the budget is not sustainable and makes it more difficult in future years to recover the budget position.
Background Papers:	Background papers relating to this report can be inspected by contacting Gemma McNamara, Interim Assistant Director of Finance (Deputy 151 Officer): e-mail: gemma.mcnamara@tameside.gov.uk

1. SUMMARY

1.1 This report presents the Council's forecast financial position across the General Fund revenue budget, DSG and Capital Programme as at July 2023.

1.2 It shows the Council's budgets, forecast outturn positions and underlying variances. At period 4 a risk based approach has been taken and the Council has focused on areas of high risk and high demand and volatility. The report also identifies the management actions being taken to offset adverse variances.

1.3 Overall, there are significant expenditure pressures and risk of £11.674m on the underlying position within the General Fund. In order to mitigate this, Officers have put in place management actions of £11.710m to mitigate this overspend and maintain the position within the agreed budget, and these actions are reviewed with every budget monitoring report to confirm they remain on track.

1.4 A £2.540m overspend is forecast on the DSG fund, for which the work on the Delivering Better Value (DBV) project is targeted at. The DBV project is in the final stages of consideration with the Department for Education (DfE) for a revenue grant to support the deliverables agreed between the Council and the DfE.

1.5 The Capital budget has forecast budgets of £12.909m to be reprofiled to future years in 2023/24, this does not affect the overall programme budget which is still forecast to break-even.

1.6 At the time of drafting this report, the Consumer Price Index (CPI) measure of inflation was running at 6.8%, a reduction of 1.1% since June 2023. The Bank of England have responded to the inflationary environment with a strong monetary policy decision and announced on the 3rd August 2023 an increase to the base rate of interest by 25 basis points taking the rate to 5.25%. The Bank of England have increased the base rate 14 consecutive times since December 2021 with the aim of controlling inflation. There are economic forecasts now considering, that to control inflation and return it to the Government target of 2%, the base rate of interest will rise to at least 6% in the calendar year for 2023. Although the rate of inflation has decreased, cost of living pressures remain significant and will continue to impact on both the costs of, and demand for, Council Services for the foreseeable future.

1.7 Members should be aware of the wider impact the macroeconomic environment is having in Local Government. Multiple local authorities have warned of pressures adversely impacting on their financial sustainability, despite the welcome increase in funding received in the Local Government Finance Settlement for this financial year. A lack of multi-year funding settlements and the sustained high level of inflation has severely impacted the level of underlying risk in the Council's financial position and made planning for the future more difficult due to the increased uncertainty around available funding.

1.8 Whilst the Council is not in a poor financial position in terms of its balance sheet at this point in time, and section 5 on reserves demonstrates this, it is clear that ongoing cost pressures make delivering the 2023/24 budget, and the future Medium Term Financial Strategy (MTFS), a difficult task. The addition of Star Chambers will support the delivery of budget reductions in 2022/23 through the continuous oversight and "critical friend" challenge nature in which they operate. However, without a "One Council" approach and a clear rationale around reserves being used to support transformation, change and a sustainably lower expenditure budget, Members will be asked to make more-and-more difficult decisions over the medium-term regarding service provision and levels of income generated locally.

1.9 Any decision to use reserves, above those approved at Budget Council, would require Section 151 Officer approval. Reserves should not be an alternative to undelivered budget reductions. The Section 151 Officer is of the view that, as at Period 04 reporting, additional use of reserves is not necessary to support the revenue budget, subject to the identified management actions taking full effect in 2023/24.

1.10 Executive Cabinet should note that in future reporting the consideration in paragraph 1.9 may change as management actions are confirmed as on-track or not, and needs arise around managing the leisure estate following the decision by Active Tameside to close 3 sites, and responding to wholly unforeseen items of expenditure that cannot be constrained within the contingency budget envelope in 2023/24.

2. FORECAST 2023/24 REVENUE OUTTURN POSITION AT MONTH 4

2.1 The underlying Month 4 adverse variance is £11.674m, which represents a favourable movement on the month 3 underlying position of £12.264m.

2.2 As a result of the improvement to the underlying position, mitigating actions have been delivered reducing the overall mitigating actions required to £11.710m (previously were £12.300m in month 3). The overall month 4 projected net underspend remains at £0.036m.

2.3 Table 1 overleaf gives a breakdown of the position for each Directorate showing both the underlying risks and management actions, leading to the reported position and shown against the month 3 position.

Table 1: Month 4 forecast monitoring position

Forecast Position	Revenue Budget	Month 4 Forecast	Underlying Variance	Management Action	Net Variance	Net Variance Month 3	Change in Variance
	£m	£m	£m	£m	£m	£m	£m
Adults	41.574	44.546	2.973	(2.973)	(0.000)	0.017	(0.017)
Children's Social Care	55.491	59.730	4.239	(3.939)	0.300	0.300	0.000
Education	8.743	9.538	0.795	(0.550)	0.245	0.245	0.000
Schools	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Population Health	14.320	14.232	(0.088)	0.000	(0.088)	(0.100)	0.012
Place	28.683	33.548	4.865	(4.098)	0.767	0.731	0.036
Quality and Safeguarding	0.046	0.046	0.000	0.000	0.000	0.000	0.000
Governance	13.554	13.817	0.262	(0.150)	0.112	0.095	0.017
Resources	58.986	57.613	(1.373)	0.000	(1.373)	(1.324)	(0.049)
Totals	**221.397**	**233.071**	**11.674**	**(11.710)**	**(0.036)**	**(0.036)**	**0.000**

2.4 To provide further detail to the table above, the following table shows the movement in the underlying position for month 4 compared to month 3, which is then described in more detail for each Directorate in sections following the table.

Table 2: Month 4 movement in underlying position

Forecast Position	Revenue Budget	Month 4 Forecast	Month 4 Underlying Variance	Month 3 Underlying Variance	Change in Variance
	£m	£m	£m	£m	£m
Adults	41.574	44.546	2.973	2.850	0.123

Children's Social Care	55.491	59.730	4.239	4.741	(0.502)
Education	8.743	9.538	0.795	0.795	0.000
Schools	0.000	0.000	0.000	0.000	0.000
Population Health	14.320	14.232	(0.088)	(0.100)	0.012
Place	28.683	33.548	4.865	5.057	(0.192)
Quality and Safeguarding	0.046	0.046	0.000	0.000	0.000
Governance	13.554	13.817	0.262	0.245	0.017
Resources	58.986	57.613	(1.373)	(1.324)	(0.049)
Totals	**221.397**	**233.071**	**11.674**	**12.264**	**(0.590)**

Adults Services – Underlying overspend of £2.973m, adverse movement of £0.123m

2.5 The Adults Services Directorate has a forecast overspend against budget in 2023/24 of £2.973m, which is an adverse movement of £0.123m on the underlying forecast from period 3.

2.6 Across each monthly reporting on the budget, residential and nursing placements have been identified as a key cost driver of forecasted overspends before management actions. There is a net forecast increase of £0.419m placement costs since period 3, despite activity showing a slight reduction in service user numbers from 919 to 901 in placement. Cost increases where numbers decrease is linked to price changes. As the care fees are set already for 2023/24, the only reason for cost increases is due to changes in complexity driving up costs in a market struggling with sufficiency issues nationally. The service is considering the use of short-stay placements, normally more intensive as part of reablement and maximising independence, for reviewing at the 6-8 week mark to determine if they are longer term (and the support provided is to be less intense in nature) as part of their ongoing work to provide the right care at the right time and manage the budget effectively.

2.7 In addition, there are forecast reductions of service user contributions to home care / support at home care packages of £0.153m and to day care packages of £0.073m when compared to the income budgets. This can happen as service users' abilities to pay are financially assessed annually, and if their circumstances worsen, their contribution levels will subsequently reduce upon assessment. Analysis is being carried out monthly and further updates will be provided in future reporting.

2.8 The forecast adverse variance changes between periods of £0.645m are reduced by additional income of £0.278m above that forecasted for community equipment from Derbyshire County Council, with agreed amounts being £0.452m and a forecasted position of £0.174m reported in previous monitoring periods.

2.9 The forecast cost of direct payments to service users who arrange their own providers for care and support has also reduced by £0.268m since period 3. In addition, discharge to assess (D2A) arrangements were revised in early August to ensure robust care assessment procedures were in place at the hospital prior to patient discharge to a community based setting. Care assessment had previously been carried out post discharge from hospital in some instances. This will avoid the future cost of care home placements for a short term period (that has been previously financed by the Council on discharge) until the service user has been assessed whilst in a hospital based setting. Further analysis is being undertaken to quantify the impact of the changes and these will be included in Period 5 reporting.

2.10 Home Care and Support at Home costs remain an ongoing budget pressure. This is due to a 10% forecast increase in the hours provided per week compared to the budgeted allocation at period 4. The budget assumed an average number of 10,600 hours per week, however the current number of hours per week is 11,630, which has been projected for the remainder of the year. This is a 6 % increase on the monthly average number of hours provided per week in 2022/23 (10,940). One of the mitigating actions to reduce the forecast budget pressure is a review of the hours delivered in home care / support at home packages. A 5% reduction in the weekly hours delivered from 1 September 2023 is included in the period 4 forecast (£0.360m).

2.11 Since the period 3 monitoring report, the Council has been awarded additional workforce market sustainability and improvement fund grant funding of £1.755m from the Department of Health and Social Care. This grant award was announced on 28 July 2023 and is additional to the £2.702m market sustainability and improvement fund allocated to the 2023/24 Adults directorate budget and approved in the Council budget report at full Council on 28 February 2023.

2.12 The grant funding is to be allocated to the 2023/24 Adult Social Care revenue budget in accordance with the related grant conditions. These state that the funding is to be utilised to deliver improvements in at least one of the following;

- increasing fee rates paid to adult social care providers in local areas
- increasing adult social care workforce capacity and retention
- reducing adult social care waiting times

Work is underway on supporting proposals in accordance with the grant conditions, the details of which will be included in a subsequent report for approval.

Children's Services – Social Care – Underlying overspend £4.239m, positive movement of £0.502m

2.13 The overall position on Children's services is an underlying variance of £4.239m, which is a favourable movement on the month 3 position of £0.502m. This improvement in the underlying position is as a result of a reduction in two residential placements. This pressure is then mitigated by management actions of £3.939m, resulting in a net adverse variance of £0.300m, a nil movement from the month 3 reported position. The forecast overspend is driven by external placements for Cared for Children. This relates both to the overall number and the increasing cost of each placement with external residential placement numbers currently at 75, compared to 66 at the start of the financial year and 77 last month. The forecast is conservative in assumptions around length of stay per placement by young person, and the service is undertaking a more focused review of placements beginning with a Pareto approach looking at the top 20% in cost to determine if there is a potential to support the young person into a lower cost alternative over a period of time. In addition, the average weekly cost of placements is currently £6,060, compared to £5,541 at the same point last year, representing an increase of 9%. This is on top of the Newton Europe report to the Association of Directors of Children's Services (ADCS) that highlighted Children's Placements increased in costs by over 60% in the previous 3 years and there is a national sufficiency shortage of appropriate placements to meet complex and/or escalating need.

2.14 Table 3 overleaf shows that whilst 15 over 18's have had their Semi Independent placement ceased, this has been offset by 16 additional placements in the 16-17 age range. This also shows that the growth in Independent Foster Placements has been in Under 10's, and that external residential placements have fallen slightly in 16-17 year olds, but risen by 10 in 5-15 year olds.

Table 3: Age Profile of External Placements

Age Profile	Semi Independent		Independent Foster Placement		External Residential Homes	
	Apr-23	Aug-23	Apr-23	Aug-23	Apr-23	Aug-23
0 to 2	0	0	1	4	0	0
3 to 4	0	0	3	7	0	0
5 to 10	0	0	47	51	4	6
11 to 15	0	0	64	65	40	48
16 to 17	28	44	23	23	23	21
18+	33	18	1	0	0	0
	61	62	139	150	67	75

2.15 Graph 1 shows that while overall Cared for Children numbers are trending downwards, with an increase in July and the number of external residential placements has risen sharply this calendar year, after a period of falling numbers, leading to a greater proportion of the total client base being in residential placements. As the table shows, this proportion has increased from 8.09% in December 2022 to 11.36% in July 2023. External residential placements are forecast to overspend by £4.487m, a decrease of £0.456m from period 3. This is due to a reduction in numbers of 2 following step-downs, one due to a £2k reduction in weekly placement cost and another from a £14k per week home to an in house fostering placement. These step-downs formed part of the management actions identified in period 3.

Graph 1: Total Cared for Children and Children in External Residential Placements

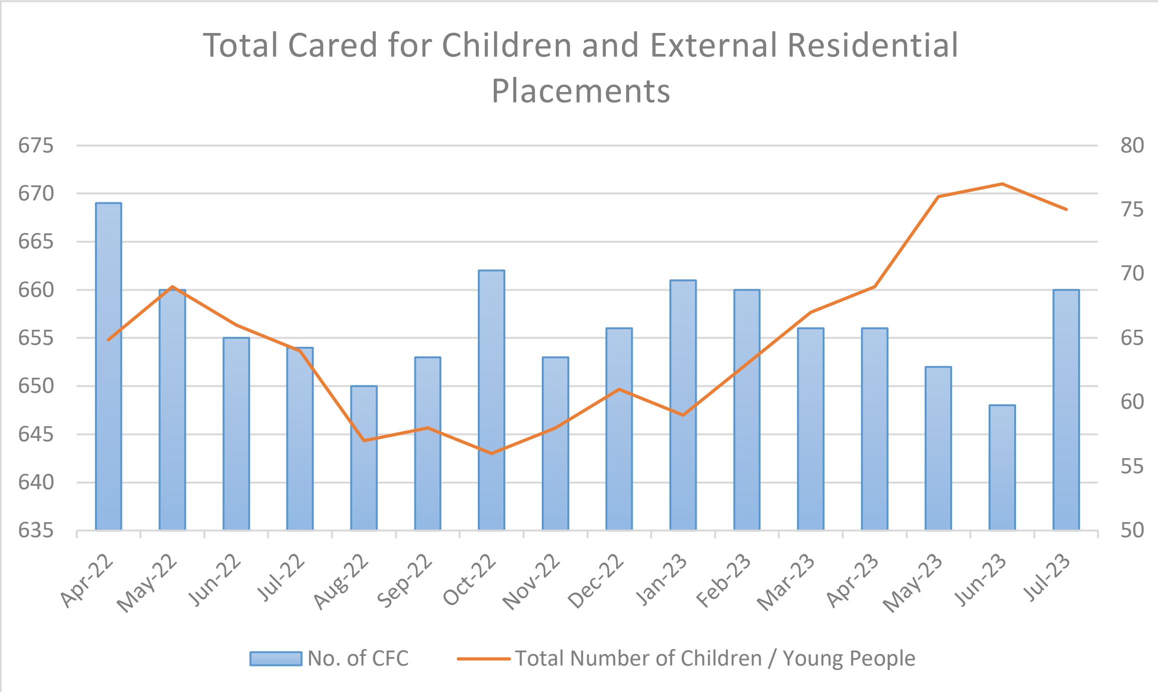


Table 4: External Residential Placements as Percentage of Cared For Children

Month	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
External Residential as % of CFC	8.09%	8.62%	9.42%	9.91%	10.21%	11.35%	11.88%	11.36%

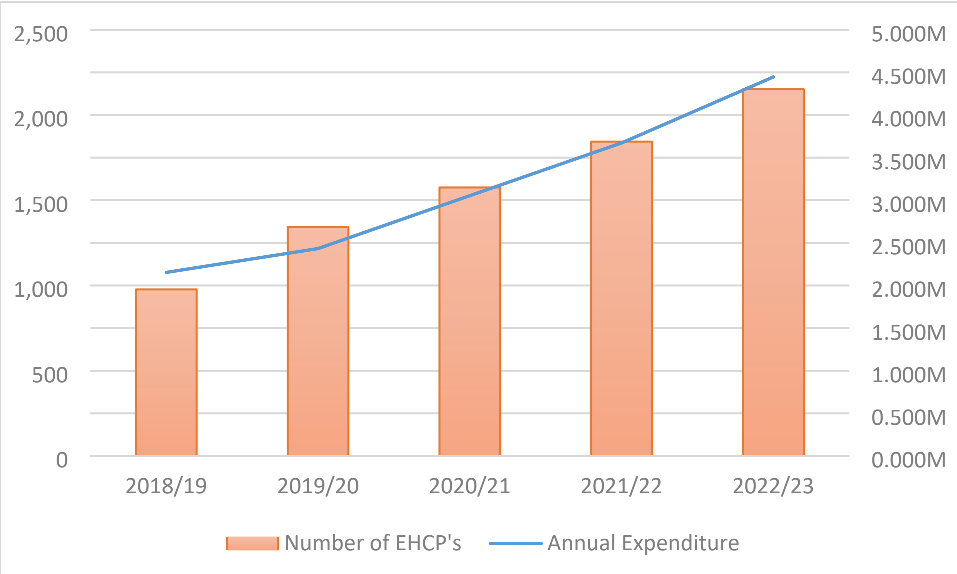
2.16 Management mitigations include achieving additional NHS and DSG contributions towards the health and education elements of care packages of children above those already forecast, which would increase income by £2.666m based on a review of the current list of Children and Young People, whose placement would attract tripartite funding. A project to rehouse 6 UASC's from transition flats to alternate accommodation, freeing up flats for residential step downs would reduce this in year forecast by a further £0.831m. The full year effect of this action would be £1.662m. Regular meetings focusing on the highest cost placements have identified future potential step downs of £0.191m in year. These will continue to be monitored and reviewed through the financial year. The restructure of in-house residential care homes including the opening of St Lawrence Road would reduce forecasts by a further £0.251m.

Education – Underlying overspend £0.795m, nil movement from P3

2.17 The underlying variance is an overspend of £0.795m, which represents a nil movement from Period 3. After management actions of £0.550m, there is a net variance of £0.245m. There is a net £0.328m overspend on Special Education Needs and Disability (SEND) Transport in the current year due to higher than expected levels of Education Health Care Plans including transport requirements.

2.18 Expenditure for SEN transport has increased steadily with the sustained increase in EHCPs over the past 5 years, which is shown in Graph 2. Further review of this will be undertaken of the ongoing level of transport needs associated with young people with EHCPs and the different options available to support their journeys to school.

Graph 2: EHCP Numbers and SEN Transport Expenditure 2018/19-2022/23



2.19 There is an increase this year in the use of Associates on the Education Psychology Service for the delivery of statutory assessments £0.297m. £0.071m is due to increased time in court contesting school absence notices and an increase in home to school transport eligibility/demand.

2.20 The pressures in this area have been reduced through forecast increases in penalty notice income for unauthorised absences following the holiday period, currently projected to be £0.107m. When new SEND transport routes are implemented in September 2023, additional pupils are expected to increase route group efficiencies, reducing average cost per pupil and lead to a potential reduction in forecast expenditure of £0.250m.

Place – Underlying overspend of £4.865m, favorable movement of £0.192m

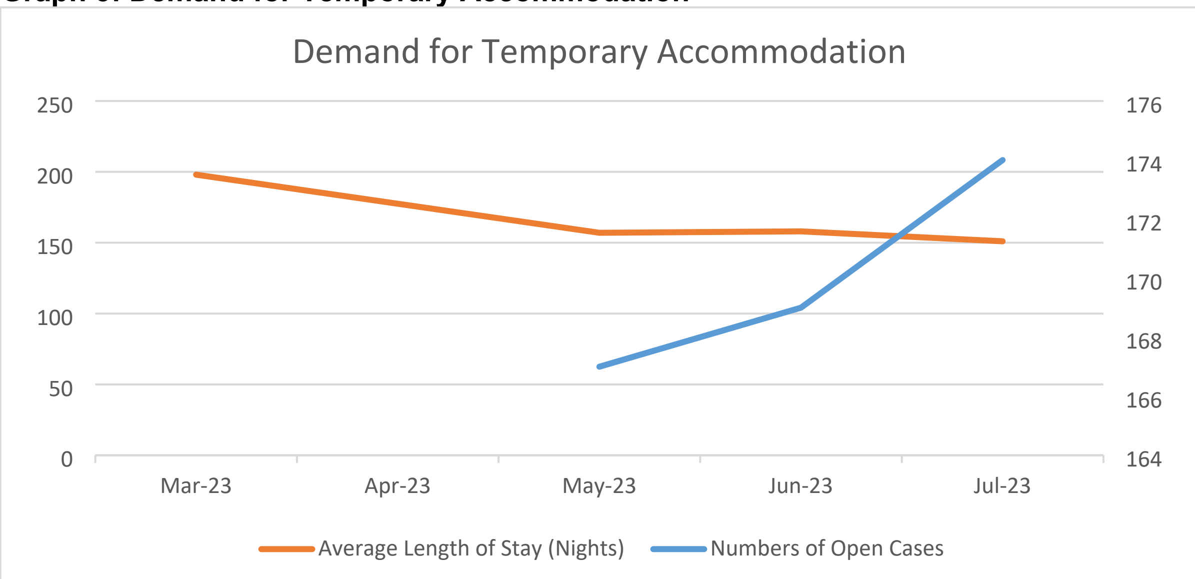
2.21 The forecast position as at period 4 is showing a net overspend of £4.865m for the Place Directorate. This is an improvement on the underlying position from period 3 of £0.192m, which has reduced the level of management action required. This change is mainly due to an improved forecast in Waste Services and a use of contingency to fund business rates increases outside the Directorate's control. Still, there remains a significant and challenging overspend position. As detailed in the period 3 report, the forecast is driven by cost and demand pressures continuing from 2022/23, savings not delivered in prior years and expected non-delivery of savings in 2023/24. The net position includes some significant underspends on staffing which are helping to partially mitigate the gross overspends in pressure areas. Significant management action is needed to reduce the potential overspend in this financial year. Management action for period 4 has reduced to £4.098m.

2.22 The key areas of overspend driving this position are as follows:

2.23 **Corporate Landlord £2.060m** – The majority of the overspend relates to Facilities Management costs where the forecast expenditure of £4.490m exceeds the available budget of £2.677m, resulting in an overspend of £1.813m. The budget has been reduced in each of the last 3 years in respect of savings which have not been delivered. The 2023/24 savings target is £0.920m of which only £0.258m is expected to be delivered in year due to service capacity issues which have resulted in delays in progressing asset rationalisation. An interim Asset Rationalisation Surveyor has now commenced in post which should enable some of the planned savings to be delivered in year. Contractual uplifts are also based on RPI and are expected to exceed the budgeted allowance for inflation in 23/24 by £0.200m. In addition, continuing shortfalls on rental income are resulting in a budget pressure of £0.204m combined with net forecast overspends across other budget lines.

2.24 **Homelessness £1.679m** – Continuing increases in demand for services is resulting in higher forecasted costs for temporary accommodation. Over the past 6 months, both the numbers of temporary accommodation placements and the average nightly rate has increased by 5%. Over this period, the number of placements has increased from 190 to 251 and although the service has worked to reduce the average length of stay, the ongoing increases in numbers demonstrates the continued growth in demand. Further growth in demand in this financial year has been included in the forecast. The chart below shows the progress made on reducing the average length of stay which is being offset by a large increase in numbers of cases.

Graph 3: Demand for Temporary Accommodation



2.25 At period 3, a reduction in the forecast on temporary accommodation was factored in on the basis that the service expected to secure nomination rights on 101 properties during this financial year, starting in October. This would enable the same number of families to move on from temporary accommodation resulting in reduction of 12,270 temporary accommodation nights. There is however a risk that nomination rights secured by the Council will not be to this level. Work is ongoing with the Housing Strategy team to fully review the likely levels of nomination rights and the implications on current forecasted levels of temporary accommodation. Further updates will be provided as this review is completed and the financial implications understood.

2.26 **Waste & Fleet £0.766m** – Staffing costs exceed the net budget due to the efficiency factor not being delivered as the use of agency staff to cover sickness and other absences is required to ensure service continuity. The improvement in the Waste services forecast position is due to assumptions regarding the filling of vacant posts, 2 members of staff have also stepped down from supervisory levels which has resulted in a cost reduction. A service redesign has recently been approved and the financial implications of this will be reported in future periods. Vehicle repairs and maintenance continue to exceed budget due to a combination of increased prices and the aging fleet. Prior year savings in respect of three weekly collections and charging for replacement bins are not delivering the full saving originally anticipated.

2.27 **Income £0.927m** – Shortfalls in income across a number of service areas are resulting in pressures totalling £0.927m. This includes: Estates (£0.480m) due to shortfalls in rental income across the estate; Markets (£0.293m) where income from rents and services charges are not increasing at the same rate as increases in expenditure, and this is after the recent Executive Cabinet decision to increase the rent and service charges levied; and Planning (£0.154m) which continues to experience shortfalls in income from building regulation fees and planning fees.

2.28 Other areas of the Directorate are forecasting small under and overspends with staffing vacancies and underspends on supplies and services contributing to mitigate the total overspend position.

2.29 Management Actions of £4.098m are identified as a target in table 2 above, to reduce the reported overspend for the Directorate. These mitigating actions include (but are not exhaustive): a review of vacancies and planned recruitment to identify any further staffing savings, review of grant funding to ensure grant utilisation is maximised, consideration of maximising staff capitalisation against major projects where they meet the definition of capital expenditure and work within the service to identify alternative savings to meet shortfalls.

2.30 The interim Asset Rationalisation Manager has now started, with a priority focus on bringing forward proposals for asset rationalisation and optimisation, which should enable some of planned savings to begin to be realised later this year. However, the nature and scale of the forecast overspend the Place Directorate means there is a significant risk that management actions will not deliver mitigations at the scale or pace required to bring the overspend down in the short term, particularly in respect of the pressures being experienced in Homelessness and due to the time and notice periods required to realise substantial savings following asset rationalisation.

Governance – Underlying overspend £0.261m, adverse movement of £0.016m

2.31 The Governance Directorate has an underlying forecast net overspend of £0.261m at month 4, which represents an adverse movement of £0.016m on the month 3 position.

2.32 The overall underlying pressure within the Directorate is as a result of a £0.119m shortfall in earned income from schools for the provision of payroll and recruitment, human resources and Trade Unions services as a result of the non-take up of the service and academisation of schools. Within Policy, Performance and Communications, a £0.174m contribution to support the same functions in the Clinical Commissioning Group (CCG) will no longer be received following the move to the Greater Manchester Integrated Care Board (GMICB) and budget realignments will be reviewed as part of budget setting.

2.33 In addition there is a combined £0.198m forecast overspend to budget on Pension Increase Act Payments of £0.101m, Coroners Service of £0.040m and payments in relation to the Apprentice levy Scheme £0.057m (this is based on a % of staffing costs payable each month).

2.34 This adverse forecast has been partially mitigated through Income to be received from the GMICB for the Place Based Lead role of £0.050m and Income received from the Greater Manchester Pension Fund of £0.103m for contributions to Senior Management roles, and other minor net underspend variances across the directorate. At Month 3 reporting, Legal Services staffing forecast was overspending due to additional locum staff; the Monitoring Officer has reviewed the structure and caseloads and amended the forecast to reflect future use of locum solicitors in 2023/24 to being within budget.

Resources – Underlying underspend £1.372m, favourable movement of £0.048m

2.35 Resources has an underlying forecast underspend of £1.372m, which represents a positive movement of £0.048m on the month 3 position. This has primarily been caused by a combination of a further release in projection of £0.215m additional interest income from the increase in the Bank of England rate, offset by an increase in the 23/24 Insurance Premiums of £0.180m in excess of budget. The insurance renewal overspend is a result of large inflation increases to buildings valuations and insurer rating increases to the Property and Motor classes in addition a large Motor claim in 2021 contributed to the increased insurance renewal.

2.36 The overall underlying underspend is driven by £2.565m of additional interest as the Bank of England rate increases. However, this saving has been reduced by other pressures on expenditure, including £0.943m of additional costs within Exchequer Services comprising: £0.500m less income from the recovery of housing benefit overpayments; £0.322m overspend on staffing which predominantly relates to the forecast non delivery of the vacancy/efficiency factor; a £0.192m cost from the Housing Benefit Subsidy scheme; alongside £0.071m miscellaneous variances. There is a £0.084m overspend on Financial Services as a result of projected overspends on both staffing and additional external audit costs, this has reduced by £0.030m from period 3. Current forecasts within the Digital Tameside Service area are showing an underspend of £0.033m, this is mainly due to staffing forecasts.

Contingency budget virements to fund specific earmarked pressures

2.37 As part of the 2023/24 budget, approved at budget council, earmarked budgets were set aside in Contingency for specific known pressures. The proposal is that budget is transferred from earmarked Contingency to the Place directorate to fund the following two pressures;

(a) Street lighting energy costs, £0.782m. As a result of national energy cost rises.
(b) Business rates on Council buildings, £0.099m. Following the national 2023 Business rates revaluation the rateable values of Council's buildings increased from the 1 April 2023.

3. SAVINGS PROGRAMME 2023/24

3.1 The overall small projected underspend against the revenue budget, explained above, includes achieving planned 2023/24 savings. Detail of the delivery status of savings by Directorate of the 2023/24 savings programme, included within the original budget, is shown in Table 5 overleaf.

Table 5: Saving Programme in 2023/24 Budget at month 4

2023/24 Budget Reductions	Opening Target £m	Red £m	Amber £m	Green £m	Achieved £m
Adults	2.550	0.000	0.857	1.108	0.585
Children's	3.970	0.280	2.958	0.732	0.000
Population Health	0.155	0.000	0.000	0.051	0.104
Place	2.103	0.201	1.385	0.446	0.071
Governance	0.000	0.000	0.000	0.000	0.000

Resources	1.776	0.000	0.000	1.547	0.229
Quality and Safeguarding	0.000	0.000	0.000	0.000	0.000
Total	**10.554**	**0.481**	**5.200**	**3.884**	**0.989**
%		**4.6%**	**49.3%**	**36.8%**	**9.4%**

3.2 At month 4, 46.2% (42% at month 3) of the programme is considered to be achieved, or on track to be delivered, a total of £4.873m. A further £5.200m is classed as Amber, with some issues or delays in delivery with £0.481m or 4.6% (11.6% at month 3), with serious concerns of delivery (red rated savings are detailed in Table 7 overleaf). These savings are discussed with Directors and their management teams as part of the STAR Chamber process that has been implemented to give a key focus on savings delivery. To track changes to savings delivery each month a comparison between month 3 and month 4 is shown in Table 6 below.

Table 6: Change in Savings Programme RAG rating between month 3 and 4

	Opening Target £m	Red £m	Amber £m	Green £m	Achieved £m
Month 3 Total	**10.554**	**1.227**	**4.897**	**4.326**	**0.104**
Month 4 Total	**10.554**	**0.481**	**5.200**	**3.884**	**0.989**
Change from M4 to M3		**(0.746)**	**0.303**	**(0.442)**	**0.885**
Month 3 %		**11.6%**	**46.4%**	**41.0%**	**1.0%**
Month 4 %		**4.6%**	**49.3%**	**36.8%**	**9.4%**

Table 7: Red rated savings at month 4

Directorate	Scheme	Saving s Ref No.	Opening Target £m	Red £m
Children's	Management Review	CH20	0.280	0.280
Place	Industrial Estate Unit Rental / Change in Use - Plantation Unit 7	PL6	0.130	0.047
Place	FM / TAS Contract Review	PL7	0.320	0.090
Place	Street Lighting - reduction in energy consumption (reduce brightness)	PL10	0.108	0.034
Place	Reduction in parking enforcement contract costs based on reduced service spec (based on 5% reduction)	PL15	0.030	0.030
Total			**0.868**	**0.481**

4. DEDICATED SCHOOLS GRANT

4.1 The overall forecast position on the DSG is a deficit of £2.540m, as reported to the Schools Forum, details are included in Table 8 below. The deficit predominantly relates to the ongoing pressure on High Needs. Further information is included in paragraphs 4.2 to 4.4. The cumulative DSG position at the end of 2022/23 was a deficit of £3.306m. The forecast closing balance on the DSG at the end of the current financial year is £5.846m. There is currently a statutory override in place for the DSG from 2023-24 to 2025-26 which means any DSG deficits are not included in the council's main revenue budgets. Beyond this period any deficit would become recognised in the council's revenue position.

Table 8: Dedicated Service Grant (DSG) 2023/24 Forecast Deficit

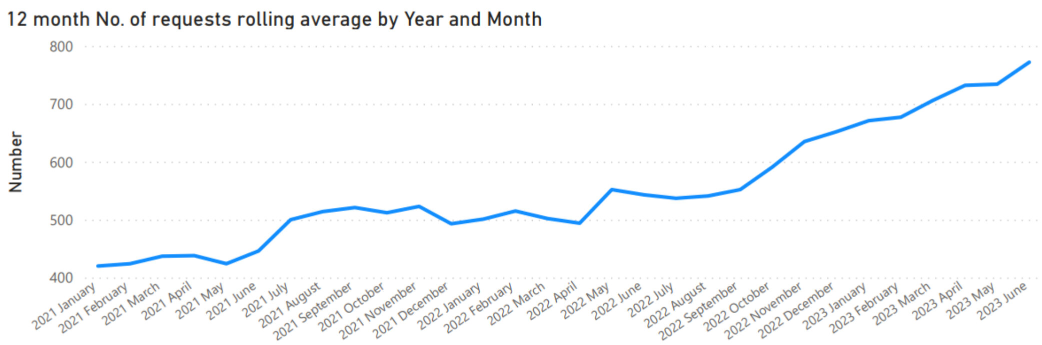
DSG Funding Blocks	DSG Settlement	Block Transfer	Revised DSG	Forecast Distribution /	Forecast (Surplus)

	2023-24 at Mar 2023 £m	2023-24 £m	2023-24 £m	Expenditure 2023-24 £m	/ Deficit £m
Schools Block	201.052	(0.694)	200.358	200.349	(0.010)
Central School Services Block	1.249	0	1.249	1.249	0.000
High Needs Block	37.144	0.694	37.838	40.682	2.845
Early Years Block	18.082	0	18.082	17.737	(0.345)
Early Years Block estimated funding adjustment			(0.049)		0.049
Total	**257.527**	**0**	**257.477**	**260.017**	**2.540**

4.2 There is a forecast surplus of £0.010m on the Schools Block. This relates to unallocated growth, with the final growth allocation based on pupil numbers at the October 2023 census point and the figures will be updated once this has been finalised and may impact on the current surplus forecast. It is proposed that any surplus on the Schools Block contributes to the DSG deficit.

4.3 The forecast in-year deficit on the High Needs Block is expected to be £3.538m, which reduces to £2.845m with the £0.694m transfer from the Schools Block. In previous years, the Block Transfer would represent 0.5% (the maximum allowable in the Regulations), however this year it has been held at 0.354% to ensure no school would be capped following changes to indicators that build their budgets under the National Funding Formula (NFF). The forecast also includes £2.514m of estimated in-year growth related to increasing number of EHCP's and the planned new Resourced Bases. The driver of the deficit on the block is due to the rapid growth in the number of EHCP's. Graph 4 shows the number of monthly EHCP requests on a 12-month average basis continuing to rise. The table below the graph shows the number of EHCP requests that are approved, over the past 4 years. Both the number of requests and the percentage of those requests that become EHCP's are rising year on year. If the management action of additional DSG contributions towards Children's Social Care placement costs is achieved this would place an additional pressure on the High Needs Block of £1.333m. Work is ongoing to quantify the scope of High Needs Block contributions to Children Social Care placements.

Graph 4: EHCP Requests 12 Month rolling average 2021-23



Reason	2020	2021	2022	2023
Assessment proceeded	70.62%	73.23%	73.16%	84.47%

4.4 In this context, the goal of Tameside's involvement with the DBV programme is to identify sustainable changes to the local SEND system that can drive high quality outcomes for children and young people with SEND, and the DBV programme has culminated in an evidence-based grant application to assist the implementation of those changes.

4.5 Following root cause analysis and triangulation via case reviews, surveys and various deep dives Transitions and Early Years have been identified as two high impact areas which the DBV Plan has focused on. If successful, the £1.000m revenue grant will likely be available from September 2023 and is expected to be utilised within two years. The Tameside Draft DBV Plan includes some quick wins that could be spent within autumn 2023 term but the majority of work streams will start implementation from January 2024 or September 2024.

4.6 The Early Years Block is currently forecasting a surplus of (£0.345m). However, the funding settlement for Early Years will be updated in August 2023 and it is anticipated there will be a reduction of £0.049m to reflect the January 2023 census data. Therefore, there is an estimated surplus of £0.295m.

5. CAPITAL PROGRAMME

5.1 There are no changes on capital since month 3. Table 9 below presents the capital expenditure by service area at month 3 which shows services are projecting expenditure of £12.913m less than the current capital budget for the year.

5.2 However, it should be noted that the existing Disabled Facilities Grant allocation for 2023/24 included in the Adult Services capital programme is £2.849m. On 7 September 2023 the Council was allocated additional Disabled Facilities Grant funding of £0.249m via the Department for Levelling Up Housing and Communities.

5.3 The Disabled Facilities Grant is capital funding for the provision of home adaptations to help eligible older and disabled people to live as independently and safely as possible in their homes which should reduce annual revenue expenditure of related care packages within Adult Services.

5.4 The additional grant award is to be included in the current year Adult Services capital programme, the monitoring of which will be included in subsequent reports.

Table 9 – Capital Expenditure by Service Area

	2023/24 Budget	Actual to Date	Projected Outturn	Projected Outturn Variation	Reprofiling to / (from) future years	Projected Variation after reprofiling
	£m	£m	£m	£m	£m	£m
Place: Property, Development and Planning						
Investment & Development	21.262	0.583	11.659	(9.603)	(9.604)	0.001
Corporate Landlord	0.993	0.007	0.992	(0.001)	-	(0.001)
Vision Tameside	0.073	-	0.073	-	-	-
Active Tameside	0.102	0.103	0.103	0.001	-	0.001
Place: Operations and Neighbourhoods						
Engineers	4.725	0.129	4.721	(0.004)	-	(0.004)
Ops & Greenspace	1.370	0.065	1.404	0.034	-	0.034
Fleet Replacement	0.826	-	-	(0.826)	(0.826)	-
Estates	0.008	0.007	0.008	-	-	-
Childrens Social Care						
Education	22.235	1.016	22.209	(0.026)	-	(0.026)
Children	2.863	0.040	1.222	(1.641)	(1.641)	-

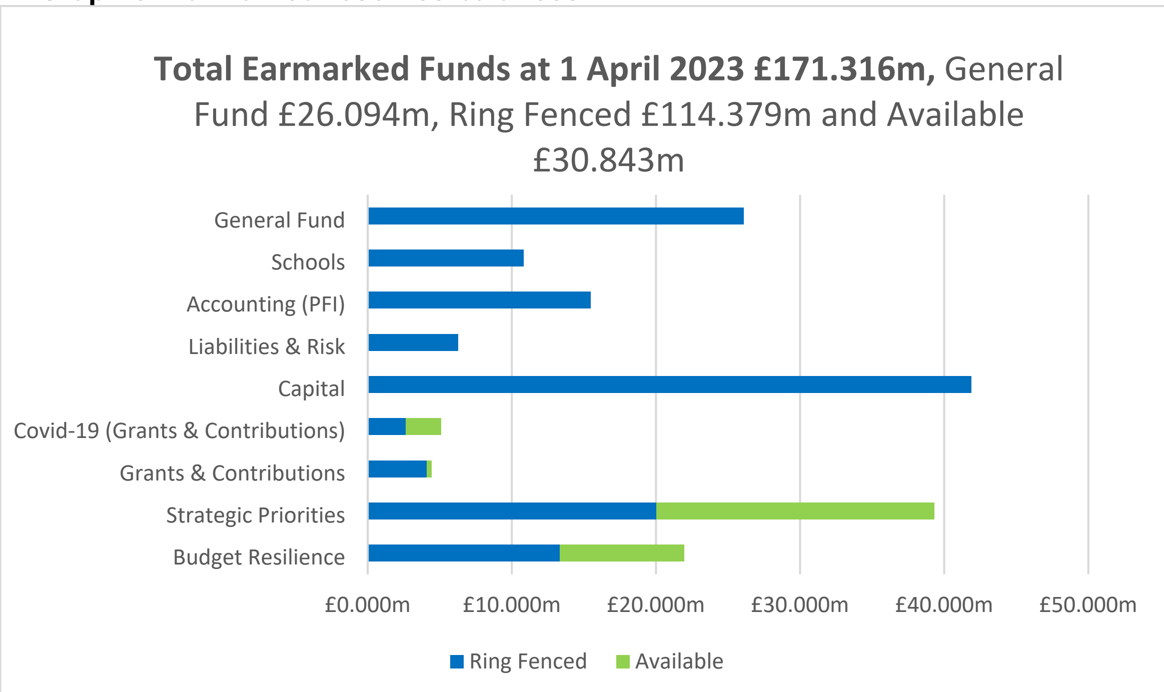
Resources						
Digital Tameside	-	-	-	-	-	-
Adults Social Care						
Adults	4.745	0.367	3.907	(0.838)	(0.838)	-
Governance						
Governance	0.032	0.006	0.023	(0.009)	-	-
Total	**59.234**	**2.323**	**46.321**	**(12.913)**	**(12.909)**	**0.005**

6. EARMARKED RESERVES

6.1 The value and categories of earmarked reserves as at 1 April 2023 are summarised below in Graph 5. Whilst the overall level of earmarked reserves held by the Council remains strong, most of these earmarked reserves are committed, with only £30.843m not committed outside of the general fund balance of £26.094m. No uncommitted reserves have been used in this year to date.

6.2 At Period 02 reporting, Members were advised on the level of reserves excluding the General Fund balance and Schools-related reserves. Reserves balances excluding the General Fund balance and schools-related reserves are £132m. Reserves balances including the General Fund balance and schools-related reserves total £171m.

Graph 5: Earmarked reserves balances



7. RECOMMENDATIONS

7.1 As stated on the front cover of the report.